

DD/A Registry
85-2565

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Proposed Draft Legislation Package for OMB

FROM: Robert W. Magee
D/Pers

EXTENSION

NO.

DATE

9 August 1985

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDA
7D18 Hqs

9 AUG 1985

2. Executive Registry
7E12 Hqs

9 AUG 1985

3. Executive Director
7E12 Hqs

8-9

4. DCI
7E12 Hqs

10 AUG 1985

5. DCI

12 aug

12 aug

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

Good!





Washington, D.C. 20505

85-2565

12 AUG 1985

The Honorable Joseph R. Wright, Jr.
Acting Director
Office of Management and Budget
Washington, D.C. 20503

Dear Joe:

The ongoing review of federal retirement systems is one that is vitally important to me as Director of Central Intelligence. As you are aware, I have personally had a number of discussions with the President and Dave Stockman regarding the critical part the retirement programs play in support of our unique mission. My views were specifically outlined in my letters to Dave on 11 and 18 March 1985. A number of meetings have been held between my people and yours to establish a perspective of CIA's specific security and work force management requirements. I have greatly appreciated the understanding that has been demonstrated by your representatives at these meetings and their support in conceptualizing an internally administered retirement system for the Agency.

Enclosed is a proposed amendment to our CIARDS law incorporating features which I believe would most effectively serve the special security and managerial needs of the Agency. For ease of reference, we have included the provisions of existing law and then underscored our proposed changes. These changes have my vigorous support and we are ready and available to discuss the proposal at your earliest convenience.

Yours,

7s7 PM

William J. Casey
Director of Central Intelligence

Enclosure

STAT /OP: [] cg:9 Aug 85
bution:
Adse
1 - ER
2 - D/OP
1 - DDA Subj
1 - DDA Chrono

Brief Overview of the OPM Proposal for a
Supplemental Retirement System for
Federal Employees Employed on or after 1 January 1984

I. Primary Features of the OPM Proposal

- Agencies would contribute 11.6 percent of pay to the supplemental plan, plus an additional amount for certain special features, such as disability benefits. Although employees would not be required to contribute any funds to the basic defined contribution plan, they could contribute up to \$5,000 annually to a special Federal employees savings account. Benefits would depend on these amounts, plus interest earned by this money.
- Employees could retire as early as age 59 1/2 with as little as one year of service. That is, vesting would take place after one year. Retirement under Social Security, of course, cannot take place even for reduced benefits until age 62.
- Employees could elect a variety of forms of annuity, including an annuity with annual increases based upon inflation (COLA), or they could receive a lump-sum payment for the balance in their account.

- Early retirement would continue to be permitted for law enforcement officers, fire fighters, and air traffic controllers. In order to make early retirement feasible, a special supplement will be paid to these employees until Social Security begins at age 62. These special benefits will be pre-funded through a surcharge to agencies employing each of these special employees.
- Amounts owed to individuals would be separately identified and balances kept separately, but funded through the existing Civil Service Retirement System account and managed by the Office of Personnel Management.
- The unfunded liability of the existing Civil Service Retirement System would be paid off by the Treasury in forty years, thus ensuring that sufficient funds would be available so that the system can meet its remaining obligations.

II. General Assessment of the OPM Proposal as Regards CIA and its Requirement in a Retirement System

The OPM proposal focuses emphasis on the pension aspects of retirement rather than utility of the system as a work force management tool so essential to an Agency such as the CIA.

As such the OPM proposal, if enacted and applicable to the CIA, would be seriously destructive to the Agency in terms of meeting retirement system objectives and requisites for maintaining the type and quality of work force essential to achieving its intelligence mission.

The OPM proposal to establish a defined contribution plan as the new system's annuity source and the extension of retirement age to 59 1/2 for regular CSRS type employees for any annuity will result in substantially increasing the age and service patterns of employees before they qualify for a level of annuity sufficient to retire on.

The achievement of Agency objectives relies heavily on retention of the early retirement eligibility and non-reduced annuity provisions now provided under the current CIARDS and CSRS systems.

These two key elements are essential in providing for the retention of employees through their most productive years; and retiring them before their employment becomes detrimental to the Agency's effectiveness.

Collaterally these features provide managerial flexibility to allow for employee flow-through to insure continuity of our intelligence capabilities as longer-term employees lose their effectiveness through burn-out, exposure to hostile forces and decline in state-of-the-art knowledge.

FEDERAL EMPLOYEES' RETIREMENT SYSTEM (FERS)
(PROPOSED SUPPLEMENTAL PLAN OF OPM)

Employee Pays:	Nothing
Government Pays:	11.6% of salary into Federal Employees Retirement Fund.
Retirement Eligibility:	Age 59 1/2 with one or more years of service (Age 50 for law enforcement officers, fire fighters, air traffic controllers.)
Retirement Benefit:	<p>Accumulation of principle and interest in employee's account in the FERS, payable at employee's election as:</p> <ol style="list-style-type: none">1. Lump sum, or2. Annuity for fixed, term of years.3. Life annuity for employees and spouse, or4. Life annuity for employee and person with insurable interests, or5. Annuity with COLA <p>(Law enforcement officers, fire fighters, and air traffic controllers also received a supplement equal to Social Security benefit from date of retirement to date eligible for Social Security.)</p>
Disability Benefit:	60% of salary if totally disabled, or 40% of salary if unable to perform current position (must have 18 months service to be eligible for disability benefits; benefits begin 6 months after work ceases; benefits are offset by any Social Security Disability Benefits)
Survivor/Benefits:	Surviving spouse of deceased employee with 18 months service is entitled to lump sum payment or an annuity based on balance in employee's FERS account. (Will be based on one year's salary, if balance in account is less than that amount.)
Voluntary Contribution Plan	Employee may elect to deposit up to \$5,000 per year in the Retirement Fund under provisions comparable to those applicable to IRA's. (No matching funds by government.)

Page Denied

Next 1 Page(s) In Document Denied